



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

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COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
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BOARD OF SUPERVISORS

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June 24, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**REQUEST TO ACCEPT COMPROMISE OFFER OF SETTLEMENT
(ALL DISTRICTS AFFECTED - 3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director of Health Services or his designee to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, for the following individual accounts for patients who received medical care at a County facility:

(1) Account Number - 0650000	\$440,000
(2) Account Number - 5443720	\$202,856
(3) Account Number - 0685807	\$187,000
(4) Account Number - 4928640	\$12,667
(5) Account Number - 511560, 5140772, 5149154, 5215440	\$3,200
(6) Account Number - 0600157, 0589066	\$27,500

PURPOSE OF THE RECOMMENDED ACTION:

The compromise offer of settlement for patient accounts (1) - (3) are recommended because the amounts are the highest amounts that could be negotiated with the patients' insurance (Commercial or HMO) under the circumstances of the case, and receipt of such insurance proceeds prevent further collection from the patients, except for possible beneficiary coinsurance or deductible obligations. The compromise offer of settlement for patient accounts (4) - (5) are recommended because the patients are unable to pay the full amount of charges and the compromise offers represent the maximum amounts the Department will be able to receive under the tort settlement involved in these cases. The compromise offer of settlement for patient account (6) is recommended because this is the highest amount that the patient could pay based on his current financial status.

JUSTIFICATION:

The best interests of the County would be served by the approval of these compromises since it will enable DHS to maximize net revenue on these accounts.

FISCAL IMPACT:

This will expedite the County's recovery of partial payment totaling approximately \$873,223.

FINANCING:

Not applicable.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On January 8, 2002 the Board approved an ordinance granting the Director of Health Services (Director) authority to reduce patient account liabilities when in the best interest of the County. The ordinance was adopted by the Board on January 15, 2002.

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50% of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

The compromise of these accounts is not within the Director's authority, so the Director is requesting Board approval of these compromises.

Several of the compromises involve a tort settlement. Typically, recoveries in tort settlements are divided into thirds – one third each to the plaintiff (patient), attorney, and lien holder(s), although the final result is always the product of negotiation. The County may therefore receive a higher or lower percentage depending on the circumstances of the case. Factors that affect the County's percentage include the number of other lien holders and the contractual agreement between the plaintiff and the lawyer.

CONTRACTING PROCESS:

Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Maximizing net revenues on these accounts will help DHS to meet its budgeted revenue amounts.

When approved, DHS requires three signed copies of the Board's action.

Respectfully submitted,



Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

TLG:lg (R:\Astecker\CompromiseBrdLtr#18\Letter)

Attachments

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1
DATE: June 24, 2004

Total Charges	\$642,720	Account Number	0605000
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$642,720	Date of Service	11/06/2003-12/31/2003
Compromise Amount Offered	\$440,000	% Of Settlement	73% of Gross Charges
Amount to be Written Off	\$202,720	Facility	LAC+USC Medical Center

JUSTIFICATION

The above compromise offer of settlement is the highest amount that could be negotiated with the patient's insurance (Commercial or HMO) under the circumstances of the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2
DATE: June 24, 2004

Total Charges	\$289,794	Account Number	5443720
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$289,794	Date of Service	08/28/2003-10/10/2003
Compromise Amount Offered	\$202,856	% Of Settlement	70% of Gross Charges
Amount to be Written Off	\$86,938	Facility	LAC+USC Medical Center

JUSTIFICATION

The above compromise offer of settlement is the highest amount that could be negotiated with the patient's insurance (Commercial or HMO) under the circumstances of the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3
DATE: June 24, 2004

Total Charges	\$264,404	Account Number	0685807
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$264,404	Date of Service	01/20/2004-02/19/2004
Compromise Amount Offered	\$187,000	% Of Settlement	71 % of Gross Charges
Amount to be Written Off	\$77,404	Facility	LAC+USC Medical Center

JUSTIFICATION

The above compromise offer of settlement is the highest amount that could be negotiated with the patient's insurance (Commercial or HMO) under the circumstances of the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 4
DATE: June 24, 2004

Total Charges	\$130,632	Account Number	4928640
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$130,632	Dates of Service	09/07/2002-09/18/2002
Compromise Amount Offered	\$12,667	Facility	H/UCLA Medical Center
Amount to be Written Off	\$117,965		

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at H/UCLA Medical Center and incurred total inpatient charges of \$130,632 for medical services rendered. The patient's third-party claim has been settled for \$100,000 and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Attorney fees	\$40,000	\$33,333 ⁽¹⁾	33.3%
Attorney cost	\$7,873	\$7,873	7.9%
H/UCLA ⁽²⁾	\$130,632	\$12,632	12.6.%
Other Lien Holders ⁽²⁾	\$213,432	\$20,701	20.7%
Net to Patient ⁽³⁾		\$25,461	25.5%
Total		\$100,000	100.0%

(1) Lawyer has reduced his fees from 40% to 33.3%

(2) 1/3 of the settlement was allocated to all medical lien holders.

(3) Patient has ongoing medical expenses and is partially disabled.

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to H/UCLA Medical Center.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 5
DATE: June 24, 2004

Total Charges	\$41,984	Account Number	511560, 5140772, 5149154, 5215440
Amount Paid	\$0	Service Type	Inpatient and Outpatient
Balance Due	\$41,984	Dates of Service	11/04/2002-11/11/2002 11/18/2002, 11/21/2002, 12/30/2002
Compromise Amount Offered	\$3,200	Facility	H/UCLA Medical Center
Amount to be Written Off	\$38,784		

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at H/UCLA Medical Center and incurred total inpatient and outpatient charges of \$41,984 for medical services rendered.

The patient's claim has been settled for the \$15,000 and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Attorney fees		\$5,000	33.3%
H/UCLA	\$41,984	\$3,200	21.3%
Other Lien Holders	\$24,850	\$3,135	21.0%
Net to Patient		\$3,665	24.4%
Total		\$15,000	100.0%

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to H/ULCA Medical Center.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 6
DATE: June 24, 2004

Total Charges	\$64,608	Account Number	0600157, 0589066
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$64,608	Dates of Service	09/17/2003-09/23/2003 09/24/2003 – 09/30/2003
Compromise Amount Offered	\$27,500	Facility	OV/UCLA Medical Center
Amount to be Written Off	\$37,108		

JUSTIFICATION

This patient was treated twice at OV/UCLA Medical Center and incurred total inpatient charges of \$64,608 for medical services rendered. He does not qualify for Medi-Cal or ATP. Based on financial information provided by patient, it appears that he does not have the financial means to pay the full cost of care. He is currently on disability, has ongoing medical expenses and is unable to work full time.